

Message Text

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C O N F I D E N T I A L STATE 150132

FOR WORTZEL FROM ANDREWS

E.O. 11652: GDS

TAGS: OGEN

SUBJECT: OFFICIAL-INFORMAL

1. KRSKO. I WOULD LIKE TO ALERT YOU TO YET ANOTHER PROBLEM IN THE YUGOSLAV TEXTS ON KRSKO. BY LOOKING MORE CAREFULLY THAN NECESSARY THE LAWYERS HAVE DISCOVERED THAT THE EXIM AGREEMENT WITH THE KRSKO CONSORTIUM IS LIMITED IN TIME BY THE REPAYMENT SCHEDULE; THE OBLIGATION UNDERTAKEN, INCLUDING THOSE REGARDING NO TRANSFER FROM YUGOSLAVIA, EXPIRE UPON FINAL YUGOSLAV REPAYMENT. THIS POSES TWO PROBLEMS. FIRST OF ALL, IT SUGGESTS THAT THE EARLIER YUGOSLAV COMMITMENT IN THE LETTER TO THE IAEA IS NOT AS BINDING AS ORIGINALLY PERCEIVED. AND SECONDLY, IT MEANS THAT THE REFERENCE TO THE EXIM AGREEMENT IN THE CURRENT YUGOSLAV DRAFTS CANNOT BE USED BY US TO COMPENSATE FOR THE WEAKNESS OF THE COMMITMENT ON DISPOSITION OF US FUEL. I HAVE MADE VERY CLEAR TO GUHIN AND SLOAN THAT ANY
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ATTEMPT TO UNRAVEL THE PREVIOUS UNDERSTANDING IS TOTALLY UNACCEPTABLE. THEY UNDERSTAND THIS BUT ARE CONCERNED THAT THE NRC WILL INSIST ON A FORMULATION IN THE CURRENT AGREEMENT WHICH EXTENDS THE NO TRANSFER COMMITMENT BEYOND THE LIFE OF THE EXIM AGREEMENT. I HAVE ARGUED THAT THE CURRENT WORDING OF THE VRHOVEC LETTER (PARA C OF BELGRADE 4143) CAN BE INTERPRETED IN THIS WAY. I'M NOT

SURE THAT GUHIN AND SLOAN ARE CONVINCED. IN ANY CASE, WE HAVE URGED THAT IF THIS CONCERN IS RAISED THAT IT BE DONE LOW-KEY AND IN A MANNER WHICH SOLICITS YUGOSLAV HELP IN A POTENTIAL PROBLEM WITH THE NRC.

2. VISITS. AS MENTIONED ON THE PHONE LAST WEEK, UN AMBASSADOR ANDREW YOUNG PLANS TO TRAVEL TO SEVERAL POSTS IN AUGUST ON PRE-UNGA CONSULTATIONS. HE WOULD LIKE TO VISIT BELGRADE AUGUST 16-18. WE REALIZE THAT THIS TIMING IS HARDLY IDEAL, BUT WANTED TO ALERT YOU. WHEN YOUNG'S PLANS BECOME MORE DEFINITE YOU WILL GET AN OPEN CHANNEL MESSAGE.

3. FOR EVANS FROM CHRIS HILL. I UNDERSTAND YOU WOULD LIKE ME TO ARRIVE IN BELGRADE BY JULY 15 SO THAT I CAN HAVE A WEEK'S OVERLAP WITH PRIMOSCH. WHILE THIS DATE COULD BE MET IF ABSOLUTELY NECESSARY, IT WOULD CAUSE CONSIDERABLE FAMILY DIFFICULTIES. I HAD BEEN PLANNING ON A MID-AUGUST ARRIVAL, BASED ON A COUPLE OF WEEKS' CONSULTATION AND ADMINISTRATIVE AND PERSONAL BUSINESS AFTER LANGUAGE TRAINING ENDS JULY 21. I FULLY RECOGNIZE THE IMPORTANCE OF OVERLAP WITH PRIMOSCH, BUT WONDER IF HIS SCHEDULE WILL PUT HIM IN WASHINGTON IN LATE JULY SO THAT WE COULD SPEND TIME TOGETHER HERE. I'D APPRECIATE YOUR REACTION.
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4. WE DID NOT GET YOUR MESSAGE IN TIME TO CALL RAY LEATHERMAN ABOUT THE PICTURE HANGING ITEMS. WE'LL TRY TO SEND IT WITH HARRY DUNLOP OR WHOEVER GOES OUT NEXT.

5. ON THE MARKOVIC VISIT, WE AND ABBRUZZESE WOULD MUCH PREFER THAT THE GROUP ARRIVE ON MONDAY AND BEGIN THEIR PROGRAM ON TUESDAY. ABBRUZZESE FRANKLY DESPAIRS OF GETTING ANYONE TO A MONDAY MORNING WELCOME IN MID-SUMMER WHEN VIRTUALLY EVERYONE WILL BE OUT OF TOWN FOR THE WEEKEND.

6. PRATT AND WHITNEY TEAM. THE P&W PEOPLE WERE IN TO SEE DOD AND US LAST WEEK AND AGAIN ON JUNE 13. WE (PM) SUGGESTED THAT THEY GET A MUNITION CONTROL LICENSE FOR THEIR PRESENTATION OF TECHNICAL DATA, WHICH THEY DID. HOWEVER, THEY HAVE BEEN SPECIFICALLY ENJOINED FROM DISCUSSING ANY FORM OF COPRODUCTION ON THE GROUNDS THAT WE CANNOT PROMISE THAT IT WILL BE APPROVED. THEY CAN, OF COURSE, LISTEN AND IF THE YUGOSLAVS SAY THAT'S WHAT THEY WANT THEN WE'LL HAVE TO GET THE PROCEDURE STARTED FOR TRYING TO GET A SPECIAL EXCEPTION TO PD-13. AS YOU

WILL SEE FROM ANOTHER MESSAGE, THIS WILL NOT BE EASY AND
IT WOULD BE UNWISE TO RAISE FALSE HOPES AMONG THE

YUGOSLAVS. PM ALSO HAS SOME QUALMS ABOUT THE DEGREE OF
DIRECT EMBASSY/DAO INVOLVEMENT IN PROMOTING THE P&W
DEAL IN VIEW OF THE PD-13 STRICTURES ON THE SUBJECT. OUR
FEELING ON THE DESK AND IN EUR GENERALLY IS THAT THIS
DEAL, IF IT COMES OFF IN ANY FORM, CLEARLY DOES SERVE OUR
POLICY INTERESTS, BUT WE PASS ALONG THESE POINTS BECAUSE
THE P&W PEOPLE MAY REFLECT WHAT THEY MAY HAVE PERCEIVED
AS A DOWNBEAT REACTION TO THEIR FOLLOW-UP EFFORTS.

7. OLAF GROBEL TRAVEL PLANS. DARRYL CONVEYED THE
AMBASSADOR'S THOUGHTS ON GROBEL'S ARRIVAL DATE AND AFTER
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REFLECTION GROBEL SAID HE VERY MUCH PREFERRED TO STICK
TO HIS PREVIOUS PLAN. HE WILL BE CALLING KAISER IN
ZABREB TO CONFIRM THIS. CHRISTOPHER

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